

# Audit's<sup>®</sup> NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

# Realty Trust Review

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## BI-MONTHLY RELATIVE APPEAL RANKINGS AND PORTFOLIO ADVISORY

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## PORTFOLIO ADVISORY: A NEW LOOK AND REVISIONS TO COPE WITH A RISING PRIME RATE

This issue greets you with the first part of a new look at REIT securities to make REALTY TRUST REVIEW more useful than ever to deal with a fast-changing group of securities. And we've revamped the content of the rankings themselves to meet challenges of a rising prime rate, boosting 11 trusts in rank while lowering seven.

The new look of RTR involves these changes:

--Stock groupings are totally revamped. For years we've put trusts in three major groups: equity, short-term mortgage, and long-term mortgage. The realities of a recession's aftermath now dictate a totally new look at the industry, and beginning with this issue we'll be putting trusts into five major groups: Property owners replacing the fuzzy "equity" designation; Property & mortgage combination; short-term mortgage including 11 viable remaining short-term lenders; long-term mortgage covering 13 viable trusts; and mortgage & foreclosed property trusts covering 63 trusts now digging out from overlending problems and mostly business trusts taxable as corporations. The new groups are shown for each trust in this issue providing basis for totally revised statistical tables in the Jan. 27 statistical issue.

--Eleven new trusts will be added starting Jan. 27. Many smaller trusts (in terms of assets) have emerged from the recession in good shape as dividend payers. We'll be adding 11 chosen for larger market value and share trading activity.

--More specific market comment is added to RELATIVE APPEAL RANKINGS with this issue. We've shortened earnings comparisons (because the new Earnings Trends section of each statistical issue does a more comprehensive job) to expand our comments on market action, outlook, recent developments, interest rate sensitivity, etc.

--The index of latest published information on each trust is expanded to include our sister service REIT EVALUATIONS. This lets you order the latest printed material on any trust easily simply by specifying the "Date reviewed" shown in each Ranking entry.

All this constitutes a major commitment on our part to improve in every way how investors can use this service. And it adapts our views on rising interest rates

*Comprehensive two-page REIT EVALUATIONS are being completed on these 12 trusts:*

GMR Props.	NW Financial Inv.	Rlty. & Mtg. of Pacific	United Realty
MassMutual Mtg.	NW Mut. Life Mtg.	State Mutual Inv.	Westport Co.
MONY Mtg. Inv.	Pacific So. Mtg.		
Mortgage Growth	PNB Mtg. & Rlty.	Price: \$15 for each, \$18 for the group of 12	

Chairman Martin Bucksbaum of General Growth Development Corp. will speak on "Insights from the Inside" at our Jan. 27 seminar on REITS - THE 1978 OUTLOOK. Details enclosed.

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GROUP RATES ON REQUEST



to your current investment stance. In a nutshell, short-term interest rates are being pushed up by the Federal Reserve Board in an effort to bolster the dollar in foreign currency markets -- even though one large REIT tells us it could borrow \$25 million at 1% below the posted prime with no sweat. This makes 1978 a new ball game for investors because it's the first time since World War II that domestic rates are pushed up for international reasons unrelated to the U.S. economy.

In these uncharted waters we think the best course is to lighten up on trusts with enough short-term debt to make them vulnerable to rising rates. Most are the leaders of the recovery, institutional favorites with excellent records. Right now we see nothing more than 5-10% earnings and dividend exposure, enough to warrant caution. Accordingly we've reduced seven trusts from No. 2, above average, to No. 3, average: Equitable Life Mtg., MONY Mtg. Inv., NW Mut. Life Mtg., PNB Mtg. & Rl., Property Capital, Realty & Mtg. of Pacific and Wells Fargo Mtg. Our chart reader says price patterns of most (plus Cont. Ill. Props. and Mtg. Trust of America) appear to have topped out for now. Lomas & Nettleton Mtg. is not reduced because it has more earning assets than liabilities floating with prime rate.

Ranking increases are dominated by two special situations: Summit Properties moves to No. 1N, from 3N, because its pending sale/leaseback (see RTR, Dec. 22) appears to give the shares good upside potential. TMC Mtg. moves to No. 2N, above average, because its pending deal (also RTR, Dec. 22) is more speculative but also potentially rewarding. Recovery candidates dominate the other upgradings: Four move from 3N to 2N, above average, because of rapid recovery progress and big discounts from book value: Atlanta Nat. RE, Barnes Mtg., NW Financial Inv. and Western Mtg.

Five others rise to 3N, average, from 4N, mostly because they've cut bank debt sharply via asset swaps and sales: First of Denver Mtg., Diversified Mtg. (which will borrow \$75 million from one bank to buy out all other bank debt at a discount), LMI Investors, Lincoln Mtg. and Midland Mtg. Rapid paydown of bank debt is giving some trusts big boosts to book value as previously accrued interest is forgiven by banks. Big winners in the interest forgiveness derby are: LMI Inv., \$3.68/sh. in the Dec. quarter; IDS Realty, \$5.60/sh. after tax benefits in the Oct. 1977 quarter; American Fletcher Mtg., an expected \$1.18/sh. in the Jan. 1978 quarter; Diversified Mtg., about \$1.37/sh. in the Dec. quarter; State Mutual Inv., about 92¢/sh. in the Dec. quarter; and Institutional Investors, 21¢/sh. in the Oct. 1977 quarter. Capital Mtg. Inv. won forgiveness of \$3.40/sh. contingent interest with no impact on book value.

Block buying continues with new buying groups surfacing almost every day now. Major blocks are shown in each RANKING entry. Recent target stocks: C.I. Realty, 300,000 sh. or 11.5% by a Chicago condominium marketer; blocks in Property Tr. of Amer. (5.5%), Maryland Rlty. (11.8%) and United Realty (5.6%) by Federated Development Co., once a REIT; in NW Financial Inv. (10.2%) by Buffalo broker Brent Baird; in First Mtg. (8.4%) by Richard Larson. Insiders are buying in Pacific-Southern (5.5%), B.F. Saul REIT (up to 10.3% now), and U.S. Bancorp R&M (4.0%) by a trustee.

#### COLWELL MORTGAGE TRUST: SOME REASONS TO REJECT THE BANKRUPTCY PLAN

Colwell Mortgage Trust is currently seeking approval of a pre-petition Chapter XI bankruptcy filing from holders of its 8.2% notes and 6½% debentures. If both holders and a court approve, holders of the 8.2s would get \$400 cash and 80 new convertible preferred shares per \$1,000, and the 6½s would get \$340 cash plus 80 preferred sh. Shareholders' equity would become positive largely through valuing the preferred at par value, or \$7.50/sh. preference in liquidation.

Even though a Noteholders' Protective Committee urges acceptance, the plan strikes us as a raw deal for noteholders for these reasons: a) Colwell is being pushed into bankruptcy to pay banks a full 8%, even though its 26% of assets not earning income is about one-third the 75% average for comparable trusts, all being propped up by their banks; b) Subordinated debt holders are being asked to underwrite prosperity for common shareholders, yet have no vote as preferred holders; c) there's no disclosure of how much sponsor Colwell Co. has borrowed (and thus stands to benefit) from the same bank lenders to the trust. Approval seems unwise until these deficiencies are fixed.



## RELATIVE APPEAL RANKINGS AND LATEST RESULTS

Relative Appeal (RA) Rankings, shown in the extreme left column, give Audit Investment Research's current view of relative attractiveness of current share purchases. All Trusts are ranked from 1 to 5 based upon dividend and capital preservation outlook. Non-dividend paying trusts are designated with an "N" beside their ranking. Each trust comment contains brief advice on suitability of both shares and bonds. Average market risk is assumed for all share purchases. Changes in rankings are indicated by  $\uparrow$  UP  $\downarrow$  DOWN. Relative Appeal Rankings mean:

- 1--Highest appeal with lowest market risk; Dividend outlook stable to up, or may be resumed shortly.
- 2--Above average appeal, somewhat higher market risk; Dividend may vary quarterly or be resumed in 1-2 years.
- 3--Average appeal and market risk; Dividend fluctuates or resumptions possible longer term.
- 4--Below average appeal, high market risk; Dividend cuts or omissions possible.
- 5--Least appeal; Dividends in peril or not foreseen; Serious problems: SEC trading halt; no auditor's opinion; serious debt defaults; Chapter XI; negative equity; banks calling loans.

NON-DIVIDEND paying trusts are not recommended for income investors, but may have special trading appeal as speculations upon quick price moves based on dividend resumption, trust recovery, money market rates or other news.

Portfolio shows: invested assets in millions of dollars (M); % of problem, non-earning assets; & property type mix.

Financing shows: leverage ratio of all debt to shareholder equity (over 20-to-1 ratio shown as "high leverage"); current financing arrangements.

Results are latest quarter earnings and dividends. Share amounts are shown unless indicated as million dollars (M).

EPS=earnings per share; CFS=net cash flow per share. Data, rankings and advice reviewed bimonthly. ("Date reviewed" shows latest review in either Realty Trust Review (RTR) or comprehensive REIT Evaluation (EVAL)).

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 3N-AMER CENTURY (EVAL 12/14/7-Mtg/Forcl prop-June FY) Port.: \$120M, 29% non- & 34% low earn; 67% foreclosed; Mix: 14% condos, 18% land, 33% office, 17% hotel. Financing: 6.3 leverage; \$70M bank debt at 5% minimum or net income, to 10/1/78, + contingent int. for 10 yrs. Results: Sep. Q d19c. Bonds: Speculative yield. Shares: Moderate recovery at 45% below book value.
- 4N-AMER FLETCHER (EVAL 6/17/7-Mtg/Forcl prop--Jan FY) NON-QUAL TRUST. Port.: \$81M, 94% nonearning & reduced rate; 75% foreclosed; Mts: 33% condos, 33% land & devel. Financing: Neg. equity; \$44M bank debt to 7/31/78 at 4% inter. with 2% cut if prepayments met. Results: Oct. Q EPS d69c; Expects \$1.18/sh. int. forgiven in Jan.'78. No auditor's opinion '77. Shares: Trading; ASE delisted.
- 4N-AMER REALTY (EVAL 7/29/7-Volun Prop-Sep FY) NON-QUAL TRUST. Port.: \$42M, 45% nonearning; Mix: 16% mtgs, 72% equity, 12% foreclosed; 40% hotels/motels, 29% land. Wash., D.C. area. Financing: 5.2 leverage; \$15.5M notes secured by assets; bank debt being restructured. No 1976 auditor's opinion. Results: June Q EPS d9c; Sept. FY to be profitable after 22c land sale gain. Bonds & shares: Trading; recovery prospects better.
- 4N-API TRUST (No review-Property-Mar FY) Port.: \$51M, 10% nonearning; 72% in 26 shopping centers, most net leased, & 28% in mtgs. Financing: 4.9 leverage; 50% by mortgages on property, 50% short-term loans. Results: Sep. Q EPS d7c after 1c loss; No Div. Shares: Group bought 100,000 shares; For sophisticated investors.
- 4N-ATICO MTG. (EVAL 6/17/7-Mtg/Forcl prop.-Oct FY) NON-QUAL TRUST. Port.: \$136M, 69% non- & 25% low-earn, 70% foreclosed; Mix: 59% condos, 17% land & dev., 24% apts.; 90% Fla. Financing: 6.1 leverage; Renegotiating \$72M bank credit to accrue at prime rate, expire 6/79. Results: July Q EPS d63c after 15c gain. Bonds: Interest paid; trade flat. Shares: Trading, play on fast Fla. condo recovery
- $\uparrow$  2N-ATLANTA NATL (EVAL 12/14/7-Mtg/Forcl prop-Aug FY) NON-QUAL TRUST. Port.: \$33M, 66% nonearn; 38% foreclosed. Mix: 16% medical, 25% condo, 28% apts.; 26% GA; 30% FL; 26% TX. Financing: 1.2 leverage; \$10.6M bank credit to 1/81 at 125% of prime, with cut to 115% of prime possible as debt repaid; Assets pledged. Results: Nov. Q EPS d12c. Shares: Fair recovery speculation at 63% below book value.
- 2 -BAIRD & WARNER (EVAL 12/14/7-ST mtg.-July FY) Port.: \$45M, 24% nonearn; 4% foreclosed; 32% indust., 17% condos, 15% apts. New commitments. Financing: 1.5 leverage; Bank lines \$32M (\$13M borrowed). Dividends: Paid two of four 3c qtrly. from FY'77 income. Results: Oct. Q EPS d3c after 11c loss provision. Converts: Speculative yield. Shares: L/T recovery as property holdings improve.
- 2 -BANKAMERICA RLTY (EVAL 7/29/7-Prop.&Mtg.-July FY) Port.: \$200M, 24% nonearning; Mix: 45% equity: 27% apts., 20% shop. ctrs., 20% office, 14% hotel. Making new commitments. Financing: 2.4 leverage; \$50M comm. paper, \$27M bank notes, \$26M secured mtgs. Results: Oct. Q EPS \$1.41 after \$1.46 cap. gain & 14c loss provision. Div. 15c unch. Converts: For yield. Shares: Buy/hold for recovery & higher property yield
- $\uparrow$  2N-BARNES MTG (RTR 12/9/4-Mtg/Forcl prop-Sep FY) NON-QUAL TRUST. Port.: \$80M, \$11M swap, 78% nonearn; 43% foreclosed; Mix: 50% condo, 12% land; 29% Puerto Rico, 48% Fla. Financing: 2.8 leverage; \$55M bank term loan at 125% of prime, to 6/79. Results: Sep. Q EPS d60c. Sep. FY d\$1.47. Shares: Interesting recovery speculation at 78% below book value, no interest overhang.
- 5N-BARNETT MTG (RTR 3/12/6-Mtg/Forcl prop-Mar FY) NON-QUAL TRUST. Self-adm. 4/78. Port.: \$141M, 93% non&low earn; 78% foreclosed. Mix: 23% condos, 26% apts., 22% land. Financing: \$23M neg. equity; New \$76M bank credit at: 1% inter., 53% asset pledge, forgive 50% contin. int., permit sub. debt restruct. Results: Sep. Q EPS d\$1.93 after \$1.14 loss prov. Bonds: In default 9/76; Poss. tender at max. 30% of par for 6 3/4s & 40% for 8s, or exchange for preferred. Shares: High risk speculation.
- 4N-BARNETT-WINSTON (EVAL 9/19/7-Mtg/Forcl prop-Sep FY) NON-QUAL TRUST. Port.: \$89M, 85% non&low earn, 69% foreclosed; Mix: 38% apts., 31% land & dev. Financing: \$2.3M neg. equity; bank credit paid down to \$16M via swaps; debent. default 12/76 & 13% seek acceleration. Results: Sep. Q EPS 96c after \$1.57 swap gain. Bonds: In default; Restructure/control speculation. Shares: Avoid till bonds restructured.
- 2N-BAY COLONY PROP (RTR 8/12/7-Volun Prop-May FY) NON-QUAL TRUST. Self-admin. Port.: \$209M, 64% non- & low earning; 48% foreclosed; 26% undev. land, 74% completed props.; 18% office, 26% apts. Financing: 7.8 leverage; Plans splitting \$95M bank debt, 25% into 3% notes due 2/81 and 75% into 8 1/2% notes due 5/86. To offer par of new 8 1/2% sr. sub. note maturing 3/81, plus shares, for 8 1/2s due 3/81. Results: Aug. Q EPS d1c. Bonds: Exchange offer. Shares: Trading/recovery; debt restructuring to help.
- 3N-BENEF STD MTG (RTR 12/9/4-Mtg/Forcl prop-July FY) CAN END REIT. Self-adm. Port.: \$58M, 65% non & 7% low earn; 54% foreclosed; Mix: 30% land & dev., 19% condos, 12% motels. Financing: High leverage; \$31M bank credit to 12/78 at 125% of prime, with possible 4% forgiveness. Results: Oct. Q EPS d6c. Converts: Speculative yield. Shares: Trading, speculation on loss reserve recapture.
- 4N-BRT REALTY (RTR 12/10/3-Prop&Mtg-Nov FY) Port.: \$26M, 65% non- & 7% low earn; 39% foreclosed; Mix: 42% hotel/motel, 18% condos, 16% land & devel. Financing: 3.3 leverage; \$13.2M at 1/2 of 1% over prime to 7/1/81. Results: Aug. Q EPS d45c after 14c loss prov. Shares: Long recovery.
- 2N-BT MTG INVESTORS (EVAL 12/14/7-LT mtg/prop.-Sep FY) CAN END REIT. Port.: \$150M, 69% nonearning, 32% foreclosed; Mix: 31% apts., 14% land, 10% nursing homes. Financing: \$5M neg. equity; \$112M bank credit to 1/31/78 at min. 4% + contingent int.; Sponsor Bankers Trust N.Y. lends 55% of credit. Results: Sept. Q EPS d31c. Bonds: Speculative yield. Shares: Speculation on sponsor aid.
- 5N-BUILDERS INV (RTR 6/10/4-Mtg/Forcl prop-Sep FY) NON-QUAL TRUST. Self-adm. Port.: \$309M, 91% nonearn; 57% foreclosed; 30% condos, 22% land & devel. Financing: \$9M neg. equity; \$268M bank debt restructured at 1% inter. to 9/77, 2% to 9/79, higher after, with asset pledge & contingent inter. Swapping assets. Results: Sept. Q EPS 54c after 39c loss. Shares: Avoid; still at mercy of banks.
- 3N-CAMERON-BROWN (RTR 10/14/4-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Port.: \$135M, 81% non- & low-earn; 70% foreclosed; 35% apts., 25% land & develop., 13% condos. Financing: 6.5 leverage; \$101M credit at 4% min. int. to 12/31/78 + up to 125% of prime payable in certificates. First swap \$5M. Results: Sept. Q EPS d38c. Shares: Trading or long term speculation; Insider buying.
- 3N-CAPITAL MTG (RTR 6/10/4-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Port.: \$76M, 57% nonearn, 37% foreclosed; Mix: 41% land, 9% condos; 55% MD & VA. Developing land. Financing: \$2M neg. equity; \$46M bank credit at higher of net cash income or 1% to 7/31/78 & 3% to 7/31/79 + conting. int.; 239T conv. pref. shares issued for conting. int. Results: Sep. Q EPS d\$1.78 after \$1.64 loss provision & 4c gain. Converts: Speculative yield. Shares: Trading/limited recovery.



## RELATIVE APPEAL RANKINGS-Continued from page 3

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 2N-CENTRAL MTG (RTR 12/9/4-ST mtg.-Mar FY) Port.: \$28M, 39% non- & 10% low earn; 34% foreclosed; 31% land, 31% apts., 20% comcl. & indust. Financing: 1.8 leverage; \$19M bank credit to 4/78 at 11.7% of prime; Neg. for new borrowing. Results: Sep. Q EPS d15c after 21c loss provision. Shares: Buy/hold for long-term recovery & potential benefits of new investments.
- 4N-CHASE MANHATTAN MTG (EVAL 6/17/7-Mtg/Forcl prop-May FY) NON-QUAL TRUST. Port.: \$322M, 94% nonearn; 38% foreclosed. Reorg. as realty owner-operator, may sell Palmas del Mar resort, Puerto Rico. Financing: \$1M neg. equity; bank debt now \$158M; Agreed on \$175M bank loan to 12/31/81 at 6% inter. Results: Aug. Q EPS 39c after \$1.62 gain. Bonds: Hold; Exchanged \$19.5M new 11-5/8% convt. debts. for \$32.05M old sub. debt. Shares: Very speculative trading, debt restructuring benefits behind and large potential dilution from warrants; \$37M of 8 7/8% sr. debt matures 5/1/78.
- 4N-CI MTG GROUP (EVAL-6/17/7-Mtg/Forcl prop-Oct FY) NON-QUAL TRUST. Port.: \$293M, 91% nonearn, 56% foreclosed; Mix: 45% apts., 15% office, 14% land, 13% condos. Financing: \$5M neg. equity; \$235M bank credit at 2% cash interest (but accrued at 3 3/4%), increasing to 6% at maturity 6/30/80; June '77 principal repayment missed & negotiating; all assets pledged. Results: July Q EPS d39c after 5c loss provision. Shares: Trading speculation on bank concessions; Now Philadelphia SE.
- 2N-CI REALTY INV (EVAL 8/8/7-Volun prop-Feb FY) NON-QUAL TRUST. Port.: \$114M, 8% nonearn, 8% foreclosed; Mix: 86% ownership, 6% mtgs.; 43% apts., 44% NYC office; one building now fully leased. Financing: 1.6 leverage; \$71M debt is \$53M mtgs. on property, \$17M bank credit to 11/30/77 at 130% prime. Results: Aug. Q EPS d13c. Shares: NYC office market play; 12% of shares bought by group; Sponsor may buy shs.
- 3N-CITINATIONAL DEV (No review-Mtg/Forcl prop-Mar FY) CAN END REIT. Port.: \$10M, Sold \$3M condo, 92c non- & low-earning; 92% foreclosed. Mix: 30% office, 28% 1-family. Financing: 0.5 leverage; \$3M debt to parent bank at prime. Results: Sept. Q EPS 1/2c. Shares: Limited interest.
- 5N-CITIZENS & SO RLTY (RTR 10/14/7-Mtg/Forcl prop-June FY) NON-QUAL TRUST. Port.: \$279M, 44% non- & 36% low-earn; 33% foreclosed; Mix: 12% condos, 18% land, 26% apts.; 37% GA, 25% FL. Financing: \$14M neg. equity; \$191M bank credit accruing at 1% cash inter. to 9/78, & contng. inter. to 1985. Missed 4/77 debn. int. Plan deb. exch. or cash at 35. Results: Sep. Q EPS d3c after 13c loss prov. credit & 18c gain. Bonds: In default; Tender/exchange pending. Shares: Avoid or speculation on exchange offer success.
- 4N-CITIZENS GROWTH (RTR 8/12/4-Prop-Jan FY) NON-QUAL TRUST. Port.: \$22M, 26% nonearn; 12% foreclosed. Mix: heaviest motels & land. Financing: 2.1 leverage; \$1.5M credit to 7/80 at 5%, reduced to 4% upon \$200T repayment; assets pledged. Asset swaps. Results: July Q EPS d12c. Shares: Avoid for now.
- 4N-CITIZENS MIT (EVAL 6/17/7-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Port.: \$75M, 59% non- & 16% low-earn; 68% foreclosed; Mix: 36% land & devel., 15% condos, 21% apts. Financing: \$21M neg. equity; \$60M bank loan expired 10/76; Proposes swapping most assets for bank debt & tender at 40 for notes, now set for early 1978. Results: Sep. Q EPS d67c after 20c loss prov. credit. Subor. notes: In default & 15% of holders seek acceleration. Shares: High risk restructuring speculation; Potential dilution.
- 2N-CLEVETRUST RLTY (EVAL 12/14/7-Mtg/Forcl prop-Sep FY) NON-QUAL TRUST. Port.: \$105M, 48% non- & 19% low-earn; 52% foreclosed; Mix: 68% equity incl. foreclosed; 27% apts., 27% comcl., 18% land, 17% office. Financing: 2.6 leverage; \$44M bank credit to 12/78 at prime but not over 7%; contingent interest for 4-6 years. Results: Sep. Q EPS d69c. Shares: Hold for long-term recovery.
- 5N-COLWELL MTG (RTR 2/13/6-Mtg/Forcl prop-Dec FY) Port.: \$148M, 26% non- & 17% low earn, 55% foreclosed & refinanced; 38% apts., 14% hotel/motel, 14% shop. ctrs. Financing: \$5M neg. equity; Default on \$109M bank credit; Asking bondholder OK of pre-planned Ch. XI. giving banks 8% int. with debn. getting 40% of par + preferred. Results: Sep. Q EPS d66c. Bonds: In default 3/77; Refuse Ch. XI offer. Shares: Avoid; dilution possible.
- 1 -CONN GEN M&R (EVAL 12/14/7-Prop & Mtg.-Mar FY) Port.: \$314M, 5% nonearn, 8% foreclosed; 37% regional shop. ctrs., 31% residential, 15% industrial, 13% office. Financing: 1.9 leverage; \$213M debt; Sold \$40M 15-yr notes at 8 3/4% & \$50M 7-yr., 17% mtgs., 36% converts. Results: Sept. Q EPS 39c incl. 7c gain; CFS 45c before gain; Div. 40c unch. but rise possible. Converts: Low, safe yield. Shares: Buy/hold long term.
- 4 -CONSOL CAP RL (EVAL 8/8/7-Property-Nov FY) Port.: \$133M, 0 nonearning; 80% apts. with 8,712 units, 16% shop. ctrs.; 58% Texas. Financing: 2.4 leverage, \$93M secured mtgs. Results: Aug. Q EPS 93c after \$1.20 gain; CFS 24c before gain. Div. Dec. monthly 17c unch. & about 100% capital gains or taxfree capital return. Shares: Speculative income, over book.
- 3 -CONT ILL PROP (EVAL 8/8/7-Property-Oct FY) Port.: \$189M, 0.3% foreclosed & nonearn; Mix: 53% apts., 39% shop. ctrs. Bought \$49M Watergate apts. in Nov. Financing: 0.9 leverage; \$29M bank lines and \$83M mortgages on property. Results: Oct. Q EPS 10c; CFS 26c. Div. 32c unch. Shares: Limited near-term upside; Yield longer term.
- 3N-CONT ILL RLTY (RTR 12/9/7-Mtg/Forcl prop-Mar FY) CAN END REIT. Port.: \$202M, 29% low & 45% nonearn; 31% foreclosed; Mix: 15% condos, 20% apts., 33% land. Financing: High leverage; Bank credit \$131M at 1% minimum inter. or net income & contingent interest at 130% prime, to 4/30/78; swap program cutting debt. Results: Sept. Q EPS \$1.31 after \$1.31 gain. See breakeven FY'78. Bonds: Tender/swapout speculation. Shares: Long recovery, possible sponsor aid.
- 5N-CONTINENTAL MTG (RTR 11/11/4-mtg/Forcl prop-Mar FY) NON-QUAL TRUST. No financial statements since Dec'76. Latest data: Port.: \$605M, 91% problem. Financing: \$72M neg. equity; Total debt \$578M; Filed Ch. XI 3/8/76 & liquidation ordered but stayed by Chapter X filing 10/22/76. Results: Dec. '76 Q EPS 85c after 93c loss prov. recovery. Bonds & shares: Avoid, protracted litigation.
- 4N-COUSINS MTG&EQ (EVAL 12/14/7-Mtg/Forcl prop-Aug FY) NON-QUAL TRUST. Self-adm. Port.: \$209M, 70% nonearn; 46% foreclosed; Mix: 19% apts., 40% land/devel., 17% hotel/motel. Financing: High leverage; \$98M bank credit at net income or 2% inter., plus contingent inter.; extended to at least 12/31/79. Results: Nov. Q EPS d10c after 66c gain. Bonds & shares: Trading speculation on loss reserve recovery & land disposition.
- 3 -DENVER REIA (RTR 10/14/7-Property-Dec FY) Port.: \$49M. Mix, by revenues: 15% apts., 22% shop. ctrs., 14% motel, 44% office & commercial, 5% mtgs.; all Colo. Financing: 4.6 leverage; \$30M property mortgages, \$5M debentures. Results: Sep. Q EPS 18c; CFS 32c. Dec. div. 15c unchanged; '76 div. 35% tax-free. Shares: Hold for income.
- 3N-DIVERSIFIED MI (EVAL 9/21/7-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Self-adm. Port.: \$236M, 70% nonearn, 25% foreclosed; Mix: 45% secondary homesites, 7% primary homesites, 21% raw land, 15% LT mtgs. Financing: 3.2 leverage; Borrowing \$75M from Con. Ill. Bank to buy back all other bank debt at discount. Results: Sep. Q EPS d16c after 72c gain & 76c loss prov.; Expect \$1.37/sh. gain on refinancing. Shares: Long term recovery speculation; Insider buying.
- 5N-DOMINION M&R (No review-Mtg/Forcl prop-May FY) NON-QUAL TRUST. Self-adm. Port.: \$37M, 44% non- & 44% low-earn, 80% foreclosed; Mix: 1/3 condos (mostly FL), 1/3 apts. Financing: \$7M neg. equity; Total debt \$35M; Chapter XI filed 6/28/77; Results: Aug. Q EPS d50c after 3c loss prov. Bonds & shares: Avoid but cash is accumulating in bankruptcy.
- 3 -EQUIT LF MTG (EVAL 12/14/7-LT mtg.-Oct FY) Port.: \$390M, 8% nonearning; 35% LT mtgs., 45% ST const. & devel.; Expanding ST; Mix: 31% shop. ctrs., 20% tracts & land. Financing: 2.0 leverage; \$254M debt is 53% comm. paper, 27% notes, 18% master & other notes, 2% conv.; Sold \$15M notes at 7 1/2-8 1/2%. Results: Oct. Q EPS 48c after 4c extraordinary gains; Oct. FY \$2.26. Feb. Div. 55c unchanged plus 20c special. Shares & bonds: Hold, EPS vulnerable to short term interest rates.
- 2 -FEDERAL RLTY (EVAL 8/8/7-Property-Dec FY) Self-administered. Port.: \$30M, no nonearning; cash flow 20% apartments, 80% shopping centers; Wash., D.C. area. Financing: 1.0 leverage; \$12.7M debt, 99% secured mtgs.; Results: Sep. Q EPS 27c; CFS 29c; Dec. div. 32c unchanged. Shares: Buy/hold income and modest growth.
- 4N-FIDELCO CROW (EVAL 12/14/7-Mtg/Forcl prop-Nov FY) NON-QUAL TRUST. Port.: \$133M, 84% nonearn; 53% foreclosed; Mix: 25% land (developed & raw), 33% condos, 14% apts.; 30% Penn., 25% Fla. Financing: 9.6 leverage, \$97M bank credit to 11/30/78 at 125% prime with 5% cash and asset swap; Interest forgiveness possible. Results: Aug. Q EPS d\$2.33 after \$1.16 loss provision. Shares: Speculation on sponsor aid, interest forgiveness.
- 5N-FIDELITY MI (No review-Mtg/Forcl prop-Oct FY) NON-QUAL TRUST. Self-adm.; Ch. XI Jan. 1975. Port.: \$163M, 80% nonearn, 59% foreclosed. Settlement: Court approved Jan. 5, 1978; Banks get 65% of \$163M debt over 6 yrs. + 47% of stock; sub. debt gets 10% + 15% of par + 5.2% of stock; Converting to Lifetime Communities, Inc. with \$2.25/sh. book value. Results: July Q EPS 42c after 21c tax benefit. Shares: High risk.
- 4N-FIRST COMMERCE (RTR 12/9/4-Mtg./Forcl prop-Dec FY) CAN END REIT. Port.: \$33M, 56% non- & 33% low-earn; 69% foreclosed; Mix: 66% land, 8% condos & singles; 58% LA, 42% other South. Financing: 1.3 leverage; \$20M credit at 11.7% prime plus 1/2% of unused to 11/30/77. Results: Sep. Q EPS d20c after 13c loss provision. Shares: Unattractive till progress shown.



## RELATIVE APPEAL RANKINGS--Continued from page 4

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status &amp; mix; Financing; Latest EPS results, dividends &amp; advice

- 2 -FIRST CONTINL (RTR 2/11/7-ST mtg.-Feb FY) Port.: \$41M, 13% nonearn, 7% foreclosed; Mix: 47% const. loans, 39% development, 14% land; 86% Texas. Financing: 1.2 leverage; \$32M bank lines at 1/2% over prime, 10% + 10% balances, to 7/78; must pledge assets equal to debt if demanded. Results: Aug. Q EPS 22c; Dec. div. 23c. Making new commitments. Shares: Speculative income & recovery.
- 3 -FIRST DENVR MI (RTR 10/14/4-Mtg/Forcl prop-Sep FY) NON-QUAL TRUST. Port.: \$79M, 58% nonearn; 42% foreclosed; Mix: 19% land, 20% condos-secondary, 12% condos-primary, 16% motels. Financing: 10.1 leverage; assets pledged; \$53M bank debt to 12/31/77, inter. at 2% or cash flow + contingent interest to 119% base rate. Results: Sep. Q EPS \$3.07 after \$2.76 gain & 41c loss provision credit. \$1.03 swap gain in Dec. Q. Shares: Trading, recovery speculation.
- 3 -FIRST FIDELITY (EVAL 8/8/7-Property-Nov FY) Port.: \$31M, Est. 10% nonearn; Mix: 53% shop. ctrs., 33% office. Financing: 2.3 leverage; \$20M secured mtgs. Results: Aug. Q EPS 15c; CFS 15c. Dec. div. 10c. Shares: Speculative recovery/buyout; One group bought 6% and may seek more shares.
- 4N-FIRST MEMPHIS (EVAL 12/14/7-Mtg/Forcl prop-Nov FY) NON-QUAL TRUST. Port.: \$72M, 37% non- & 31% low-earn; 56% foreclosed; Mix: 16% land, 4% condos & singles, 19% offices, 11% industrial, 11% hotels, 30% apts. Financing: 14.1 leverage; \$46M bank credit at 6% + contingent interest to 11/30/78, swapping assets. Results: Aug. Q EPS d19c. Shares: Speculative till workout progresses.
- 5N-FIRST MTG IN (RTR 6/10/4-Mtg/Forcl prop-Jan FY) NON-QUAL TRUST. Self-adm. Port.: \$417M, 44% non- & 34% low-earn; 60% foreclosed; Mix: 34% hotel/motel, 22% apts., 16% land, 10% condos. Financing: \$49M neg. common equity; \$244M credit at 1 1/2% or net income; Most 8 1/2s due 7/77 exchanged for cash or new debt. Results: Oct. Q EPS 34c after 57c gain. No auditor's opinion 1/77. Bonds: For asset swaps. Shares: Avoid, high risk.
- 3N-FIRST NEWPORT RL (EVAL 9/19/7-Mtg/Forcl prop-Oct FY) NON-QUAL TRUST. Self-adm. Port.: \$133M, 46% non- & 23% low-earn; 45% foreclosed; Mix: 32% condos, 21% apts. Financing: 8.3 leverage; \$124M bank debt at higher of 1% or net cash income to 11/78, plus contingent interest. Results: July Q EPS \$1.16 after \$3.91 gain & \$2.55 loss provision. Bonds: Hold. Shares: Long hard recovery ahead even at 74% below book value.
- 3N-FIRST PENN MT (RTR 10/14/4-Mtg/Forcl prop-July FY) NON-QUAL TRUST. Port.: \$175M, 81% nonearn, 63% foreclosed; Mix: Heavy condos, comcl. & indust. land; 21% Fla. Financing: 12.7 leverage; Extended \$116M bank credit to 1/27/78 at 3% cash + accrual at prime. Nego. new credit. Results: Oct. Q EPS d\$1.44 after 57c loss provision. Converts: Speculative yield. Shares: Trading, book value falling.
- 2 -FIRST UNION (EVAL 6/17/7-Property-Oct FY) Port.: \$167M, 10% low earn; Mix: 70% major office, 25% shop. ctrs.; Bought \$9M offices; internally managed. Financing: 2.6 leverage; \$124M debt: 77% secured mtg., 11% short, 12% conv.; Sold \$10M preferred + \$25M debt. Results: Oct. Q EPS 21c; July CFS 34c; Jan. div. 26c. Shares & Bonds: Buy for quality income. Warrants expired 12/77.
- 3N-FIRST VIRGINIA (EVAL 9/21/7-Mtg/Forcl prop- Jun FY) NON-QUAL TRUST. Self-adm. Port.: \$77M, 47% non- & 6% low-earn; 52% foreclosed. Mix: (Foreclosures) 31% condos, 23% land; 37% Va., 34% Fla. Financing: 17.1 leverage; \$42M bank credit to 12/79 accruing at 4% + contingency to 125% prime; Most subor. debt accepted 4%. Pledged assets. Results: Sep. Q EPS 6c after 8c gain. Bonds: Hold. Shares: Risky recovery.
- 4N-FIRST WISCONSIN MT (No review-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Port.: \$145M, 53% non- & 42% low-earn; 76% foreclosed; Mix: 24% condos, 33% apts., 26% land; 43% southeast, 29% midwest. Financing: 10.9 leverage, \$103M bank debt at 1% or net income to 5/80. Results: Sep. Q EPS d19c after 30c loss provision. One bank took 78,000 equity shares in lieu of contingent interest. Shares: Long recovery, some dilution.
- 2N-FLATLEY RLTY (EVAL 8/8/7-Prop&Mtg.-June FY) Self-adm. Port.: \$20M, 40% non- & low-earn; 40% foreclosed; Mix: 39% apts., 51% shop. ctrs.; 94% Mass. Seeking new investments. Holdings: 95% equity, 5% loans. Financing: 2.1 leverage, \$14M debt is 86% secured mtgs. Results: Sep. Q EPS 3c. Shares: Buy pending workout progress, recovery toward book value possible.
- 2 -FLORIDA GULF (EVAL 8/8/7-Property-Apr FY) Port.: \$31M, 47t sf Grant vacancy left. Releasing Neisner (Ch. XI) store. Mix: 93% shop. ctrs. (strip), 7% offices; 92% Fla. Financing: 1.2 leverage; \$17M secured mtgs., \$0.05M bank debt. Results: Oct. Q EPS 17c; CFS 36c; div. 32c, 55% tax-free; 68% of Grant rents replaced. Shares: Buy for yield; limited growth.
- 3N-FRANKLIN RLTY (EVAL 8/26/7-Volun Prop-June FY) NON-QUAL TRUST, mgmt. services. Port.: \$34M, vacancies falling; Mix: 85% equity, 15% mtgs. Equities: 13 offices midwest & Fla., 5 apts., 2 motels, 1 land tract. Financing: 3.8 leverage; \$28M debt: 63% secured, 19% short, 18% conv. Results: Sep. Q EPS 1c. Converts: Hold. Shares: Hold for earnings improvement.
- 2 -FRASER MTG (EVAL 12/14/7-ST mtg.-May FY) Port.: \$49M, 12% problems; Mix: 10% const., 12% land, 25% completed projects, 41% long-term, 11% foreclosures; 31% Ohio, 25% Fla. Financing: 2.1 leverage; \$36M debt short term. Results: Nov. Q EPS 25c; Div 25c. Making new investments. Granted option at profit for large foreclosed land. Shares: Hold for recovery; Block of 8% bought.
- 2 -GENERAL GROW (EVAL 8/26/7-Property-Sep FY) Port.: \$275M, 0 problems; Mix: 74% shop. ctrs. (Major Midwestern malls), 18% apts., 8% motels. Financing: 5.7 leverage; \$228M debt: 88% secured mtgs.; Sold \$25M 9-1/8% 20-yr notes 4/77. Results: Sep. Q EPS 42c incl. 1c gain; CFS 47c; Dec. div. 37c, about 60% tax-free. Shares: Buy on dips, unique development ability.
- 3 -GOULD INVST (EVAL 8/26/7-Property-Sep FY) Port.: \$39M, 3% nonearning; Holdings: 83% equity. Properties: NYC office (19% of port.), 6 apts., 13 strip ctrs., 8 restaurants, 5 offices. Financing: 3.8 leverage; 86% secured mtgs. Results: Sep. Q CFS 21c; EPS 11c before 4c loss. Sept. '77 FY EPS 71c after 24c gain. Dec. div. 17c. Shares: Speculative income hold.
- 3 -GREIT RLTY (EVAL 8/26/7-Property-Oct FY) Port.: \$36M, 2% nonearning; Mix: 60% shop. ctrs., 30% offices & urban stores, 8% apts., 2% mtgs. Financing: 2.3 leverage; \$25M debt, all secured mtgs. Results: July Q EPS 21c; CFS 39c; Jan. div. 10c; Est. near 58c EPS in 1977 FY. Shares: Speculative income, recovery.
- 5N-GRT AMER M&I (RTR 3/11/4-Mtg/Forcl prop-Jul FY) NON-QUAL TRUST. Self-adm. Port.: \$335M, 95% nonearning; Mix: 82% foreclosed. 41% apts., 15% condos, 20% land. Financing: Total debt \$320M; \$56M neg. equity; Filed Chap. XI 3/77; SEC seeks Ch. X status; Proposed plan: secure assets for sr. creditors + equity for cash int.; debent. exch. Results: Oct. Q EPS d16c; foreclosures now earning. Bonds: Avoid. Shares: Risky liquidation speculation.
- 5N-GUARDIAN MI (RTR 3/12/6-Mtg/Forcl prop-Feb FY) NON-QUAL TRUST. Self-admin. Port.: \$257M, 69% nonearn, 36% foreclosed; Mix: 38% land, 20% condos, 14% hotel/motel. Financing: \$37M Neg. equity; \$232M bank credit restructure proposed Dec. 20 but banks silent so far. Results: Aug. Q EPS d87c after 91c loss prov. & 34c gain. Bonds: June 1 inter. default; Hold, exchange candidate. Shares: Hold; Avoid new buys.
- 3N-GMR PROP (formerly GULF) (RTR 2/13/6-Mtg/Forcl prop-Feb FY) NON-QUAL TRUST. Port.: \$101M, 34% non- & 32% low earn; 55% foreclosed; Mix: 26% apts., 23% land, 17% motels, 76% Southeast. Financing: 9.5 leverage; \$52M bank credit to 7/17/78 accruing at prime, payable 4% cash plus notes; + conting. inter. to 125% prime for 5 yrs. Results: Aug. Q EPS d18c after 10c gain & no loss prov. Bonds: Hold for now. Shares: Recovery speculation.
- 2N-HAMILTON INV (RTR 11/12/3-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Self-adm. Port.: \$86M, 29% non- & 12% low earn, 30% foreclosed; Mix: 58% apts., 17% offices, 11% land; 34% Okla., 16% Fla. Financing: 4.6 leverage; \$54M credit to 6/78 @ 3 1/2% or net income w/contingent inter. to 130% prime, forgiven 8/86. Swaps cutting debt fast. Results: Sep. Q EPS 20c after 57c swap gain & 21c loss prov. Shares: Recovery spec. on debt cuts
- 2N-HANOVER SQ RL (RTR 0/6-ST mtg.-Aug FY) Port.: \$38M, 20% nonearn, 34% low-earn; 29% foreclosed; Mix: 69% residential, 16% shop. ctrs., 2% offices, 11% land; 30% NY, 10% Fla.; Making new commitments. Financing: 2.4 leverage, \$28M credit @ 124% prime. Results: Aug. Q EPS 4c; Aug. FY d24c. Converts: Speculative income buy. Shares: Buy/hold for recovery
- 3N-HEITMAN MTG (RTR 11/11/4-Mtg/Forcl prop-Dec FY) Port.: \$147M, 49% non- & 15% low-earn; 15% foreclosed; Mix: 32% shop. ctrs., 19% condos, 14% offices, 17% land; 30% Ill., 9% other Midwest, 14% Cal. Financing: 10.2 leverage; \$845M credit to 4/78 accruing at prime (Payable 4% in cash) w/conting. interest; Results: Sep. Q EPS d50c after 38c loss prov. Converts: Higher risk hold. Shares: Recovery speculation.



## RELATIVE APPEAL RANKINGS-Continued from page 5

RA---TRUST (Date reviewed-Type-FY) Portfolio size, % problem status &amp; mix; Financing; Latest EPS results, dividends &amp; advice

- 2 -HOSPITAL MTG (EVAL 9/21/7-LT mtg.-Feb FY) Port.: \$38M, 42% nonearn; 5% foreclosed; Mix: 34% medical, 24% land, 19% apts., 17% condos; 2/3 Fla. Purchased \$4M apt. leasehold. Financing: 0.5 leverage; \$9M bank debt; \$3M mtg. Results: Nov. Q EPS 13c; Div 15c. Shares: Trading, long recovery at 60% below book value.
- 3 -HOTEL INVESTOR (EVAL 9/21/7-Property-Aug FY) Self-adm. Port.: \$78M, 9% nonearn; 4% foreclosed; 51% equity/49% LT mtgs.; Mix: All hotels/motels, most national franchises; comcl. business travel oriented. Financing: 1.9 leverage; \$50M debt: 33% secured mtg., 34% long-term; \$18M credit to 12/31/80 at 125% prime. Results: Nov. Q EPS 40c; CFS 49c; div. 42c. Shares & Bonds: Buy/hold income. Occupancy & room rates up.
- 2 -HUBBARD REI (EVAL 6/17/7-Property-Oct FY) Port.: \$84M, E5% nonearning due to Grant vacancies. Mix: All shopping centers & food stores except one office; Net lessees: 20% Safeway, 20% Ashland Oil, 20% Chrysler. Financing: 97% equity. Results: Oct. Q EPS 37c before 44c loss prov. reversal; Div. 32c; 8 1/2 of 10 Grant stores now re-leased, 1 1/2 still vacant. Shares: Buy for dividend increase prospects
- 2N-ICM REALTY (EVAL 9/21/7-Subor. land-Nov FY) Port.: \$104M, 58% non- & low-earn; 37% foreclosed; Mix: 50% apts., 26% shop. ctrs., 15% land, 6% offices; 39% land purch.-leasebacks; Financing: 1.1 leverage; \$46M debt: 54% secured mtgs., \$22M credit to 2/79 at 120% prime + 15% bal. Results: Aug. Q EPS 15c. Shares: Speculation long term recovery, poss. div. resumption
- 4N-IDS REALTY TR(RTR 6/10/4-Mtg/Forcl prop-Jan FY) NON-QUAL TRUST. Port.: \$214M, 72% nonearn; 52% foreclosed; Mix: 33% shop. ctrs., 28% land, Financing: \$24M Neg. equity; Sponsor loaned \$25M to settle \$68M bank debt at 20% discount. Results: Oct. Q EPS \$5.56 after \$5.60 extraord. gains on debt retirement. Bonds: Plans to offer 80% of par for \$42M debent. Shares: High risk speculation; positive equity possible
- 5N-INDEPENDENCE MTG (No review-Mtg/Forcl prop-Jun FY) NON-QUAL TRUST. Port.: \$136M, 88% non- & low-earn; 66% foreclosed; Mix: 23% condos; 26% devel.; 16% Fla., 12% Texas, 14% Va., 13% Ill., 9% Ga. Financing: \$10M neg. equity; \$83M credit accruing at 1% w/conting. int. & 110% collateral, to 6/1/79. Results: Sep. Q EPS d10c after 9c loss & 21c loss prov. credit. Shares: Avoid
- 2N-INDIANA M&R (EVAL 9/21/7-Prop&Mtg-Jun FY) Port.: \$68M, 29% non-earn; 11% foreclosed; Mix of 28M Mtgs: 57% land, 17% apts. & condos; of \$39M equities & foreclosures: 34% offices, 34% apts., 28% shop. ctrs. Financing: 5.6 leverage; \$54M debt; \$37M credit to 9/78 @ 6% + 120% prime contingent interest. Results: Sep. Q EPS nil; CFS 12c. Shares: Hold for improvement
- 4N-INSTITUT INV (RTR 1/13/6-Mtg/Forcl prop-Jan FY) NON-QUAL TRUST. Self-admin. Port.: \$148M, 50% nonearn; 33% low; 47% foreclosed. Mix: 23% apts., 17% condos, 38% land; 21% Fla., 9% Cal., 8% Tex. Financing: 3.7 leverage; \$53M credit to 5/78 accruing @ 129% prime (1% paid in cash, rest deferred). Results: Oct. Q EPS d29c; Expect 21c profit in Jan. Q from interest forgiveness. Bonds: Trading & speculative income. Shares: Trading; Insiders buying
- 2 -INVESTOR RLTY (RTR 12/9/7-Prop&Mtg.-Nov FY) CAN END REIT. Port.: \$57M, 32% non-earn. Mix: 54% apts., 15% shop. ctrs.; type: 86% owned incl. foreclosures & leasebacks. Financing: 2.6 leverage; \$42M debt, 73% secured; \$17M bank credit to 3/78. Results: Aug. Q EPS d14c; CFS nil. \$10M apt. sale in Sept. 25c gain, others pending. Q div resumed 12 1/2c Nov. New sponsor. Shares: Attractive long-term recovery
- 2 -JMB REALTY (EVAL 9/21/7-Subor. land-Aug. FY) Port.: \$24M, 2% nonearn; Mix: 49% apts., 17% office, 17% shop. ctrs.; 53% wrap-around mtgs., 17% land leasebacks; Financing: 1.5 leverage; \$4M open lines from bank; Results: Aug. Q EPS 89c after 38c gain; Nov. Div. 40c. Shares: Hold for speculative yield.
- 3N-KENTUCKY PROP (was KMC) (RTR 5/14/3-Mtg/Forcl prop-Nov FY) NON-QUAL TRUST. Self-adm. Port.: \$29M, 42% non- & 20% low earn; 37% foreclosed; Mix: 23% apts., 25% land & devel.; 17% condo; 54% Kentucky. Financing: 9.0 leverage; \$18.5M credit to 5/1/78 at prime, 3% cash, balance deferred. Results: Aug. Q EPS d27c. \$2.6M swap in Nov. Shares: Situation believed improving; Private investor bought 9% of shares.
- 3N-LMI INVESTORS (RTR 2/13/6-Mtg/Forcl prop-June FY) NON-QUAL TRUST. Port.: \$119M, 38% non- & 58% low-earn; 55% foreclosed. Mix: 37% apts., 13% condos, 16% shop. ctrs., 11% land, 28% Texas. Financing: 12.2 lev.; \$74M credit 12/81 w/inter. accrued at prime payable at 2% or cash flow; pledging assets. Results: Sep. Q EPS d65c after 76c gain & \$1.56 loss prov. credit. \$3.68/sh. interest forgiveness in Dec. Q Bonds: Risky yield. Shares: Improved speculation.
- 3N-LINCOLN MTG (RTR 12/10/3-Mtg-Forcl prop-Mar FY) NON-QUAL TRUST. Self-admin. Port.: \$28M, 77% non & low earn; 68% foreclosed; Mix: 70% apts, Financing: High leverage; \$8.3M bank credit left @ 1/2 over prime, due 12/78. Results: Sep. Q EPS d34c; 35c gain on asset sale due in Dec. Q. Bonds & shares: Speculation on asset sales to repay banks.
- 2 -LOMAS & NETTLETON MTG (EVAL 6/17/7-ST mtg.-June FY) Port.: \$229M, 24% nonearn; 24% foreclosed; Making new loans; Mix: 28% land acq. & devel., 45% Texas. Financing: 1.3 leverage; Borrowers short & L/T from banks; All debt interest floats with prime. Results: Sep. Q EPS 40c; Div. 40c, 85% tax-free in FY'77. Shares: Longer term recovery potential; little interest rate exposure
- 3 -M&T MTG INV (RTR 2/11/7-ST mtg.-Aug FY) Port.: \$44M, 2% nonearn; 2% foreclosed; Making new loans; Mix: 68% const. & devel., 21% 1-family permanent; all Texas. Financing: 1.9 leverage; \$29M bank borrowings, all secured; sponsor provides compensating balances; \$14.6M unfunded commitments; Results: Nov. Q EPS 28c; Div 26c unch. Shares: Buy for stable yield
- 2N-MARYLAND RLTY (RTR 4/8/7-Mtg/Forcl prop-Nov FY) NON-QUAL TRUST. Port.: \$20M, 33% non- & 8% low-earn; 40% foreclosed; Mix: 33% apts., 31% land, 19% condos; All Fla. & Ga. Financing: 1.8 leverage; \$12.6M credit at prime to 11/77; Assets pledged. Results: Aug. Q EPS 5c. Shares: Recovery speculation
- 2 -MASSMUTUAL MTG (RTR 7/9/6-LT mtg.-Oct FY) Port.: \$189M, 12% non- & 5% low-earning; 12% foreclosed; Mix: 37% shop. ctr. & retail, 26% apts.; 78% Long-term mtgs. New commitments. Financing: 1.1 leverage; Small interest rate exposure. \$22M master notes; \$10M term loan; \$71 1/2M subor. convert. debts. Results: Oct. Q EPS 33c after 2c gain; Div 31c. Converts: Safe yield. Shares: Buy/hold
- 5N-METROPLEX RLTY (was JUSTICE) (RTR 3/12/6-Mtg/Forcl prop-Sep FY) NON-QUAL TRUST. Self-adm. Port.: \$48M, 100% nonearn; 43% foreclosed; Mix: 31% land, 19% condos; 55% Texas, Financing: Filed Ch. XI 12/77. High leverage; \$21M bank debt out + \$9.6M 7 3/4% sub. debts; assets pledged & some swapped; 2/1/77 sub. debt inter. missed & 25% of holders called debt. Results: June Q EPS \$1.08 after \$1.62 gain. Bonds: Avoid; in default & called. Shares: Avoid
- 3N-MIDLAND MTG (RTR 3/12/6-Mtg/Forcl prop-June FY) CAN END REIT. Port.: \$52M, 64% non- & low-earning; Mix: 30% apts., 24% condo, 31% land. Financing: High leverage; Swaps cut bank debt to \$19M, due 8/78 with interest accruing at 4% or net cash flow. Results: Sep. Q EPS d4c after \$1.44 gain & \$1.08 loss prov. Bonds: To exch. new 4% debts, plus shares. Shares: Trading interest; One broker bought 6.8% of shares.
- 2 -MILLER HENRY S (EVAL 9/21/7-Prop&Mtg.-Feb FY) Port.: \$28M, 12% nonearn; 10% foreclosed; Mix: 56% shop. ctrs owned, 23 1/2% land; Mostly Texas. Financing: 2.0 leverage incl. mtgs.; \$6M bank borrowings at 1/2 over prime to June 1, '78; \$12.6M mtgs. on prop. Results: Nov. Q EPS 4c after 18c loss prov.; Div. 20c. Selling two offices. Shares: Buy for long-term recovery; Operating trend up.
- 4N-MISSION INV (RTR 11/12/3-Mtg/Forcl prop-Nov FY) CAN END REIT. Self-adm. Port.: \$32M, 38% non & 25% low earn; 50% foreclosed; Mix: 35% land & devel., 24% residential, 42% commercial. Financing: 2.1 leverage; \$18M bank credit at prime (max 8 1/2%) to Nov. '79; Assets pledged. Results: Aug. Q EPS d5c after 2c loss prov. credit. Shares: Trading/very long recovery; No concessions from banks.
- 2 -MONEY MTG INV (EVAL 6/17/7-LT mtg.-May FY) Port.: \$211M, 12% non- & 3% low-earn; 3% foreclosed; Mix: 37% office, 30% multifamily, 15% shop. ctrs.; 46% LT mtgs.; Making new commitments. Financing: 1.4 leverage; \$100M bank lines at prime; \$45M comcl. paper; Results: Nov. Q EPS 16c; See Feb. Q flat. Div. 23c. Convertibles: Safe yield. Shares: Hold; Small dividend cut possible.
- 3 -MORTGAGE GROWTH (RTR 10/8/6-Prop&Mtg.-Nov. FY) Port.: \$39M, 19% nonearn, 55% low-earn; 19% foreclosed; Mix: 60% apts., 22% office; 33% Calif. Financing: 0.5 leverage; Debt is \$8.5M 7-3/4% subor. converts held privately & \$4M secured mtgs; Results: Aug. Q EPS 5c; Gross cash flow 13c; Dec. div. 12c. Slightly improving trend FY'77. Shares: Spec. buy/hold for long-term recovery



## RELATIVE APPEAL RANKINGS-Continued from page 6

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status &amp; mix; Financing; Latest EPS results, dividends &amp; advice

- 3N-MTG INV WASHINGTON (RTR 6/10/4-Mtg/Forcl prop-Mar FY) NON-QUAL TRUST. Port.: \$71M, 55% non- & 1% low earn; 30% foreclosed; Mix: 20% hotel/motel, 14% shop. ctr; 16% condo/townhouse; Financing: 4.4 leverage; \$31M bank debt at 112½% of ½ over prime, to 12/15/78; Results: Sep. Q EPS d15c. Bonds: Risky yield. Shares: Trading, recovery potential
- 3N-MTG TRUST OF AMER (RTR 8/27/6-ST mtg.-Nov. FY) Port.: \$123M, 60% non- & 12% low earn; 34% foreclosed; Mix: 20% land & devel., 25% condos, 20% apts.; 17% Calif.; Financing: 1.6 leverage; \$66M bank credit lines at full-rate interest; Seeking limited amount of new credit. Results: Nov. Q EPS 25c after 7c loss provision credit & 9c sale gain. Shares: Hold for recovery
- 5N-NATIONAL MTG (RTR 5/14/3-Mtg/Forcl prop-Feb FY) NON-QUAL TRUST. Port.: \$47M, 97% non- & low earn; 53% foreclosed; Mix: 55% land, 13% commercial; Financing: \$16T neg. equity; \$29M secured credit; Chapter XI settlement confirmed & deb. holders got cash, new notes & shares. Results: Aug. Q EPS 3c after 10c gain. Shares: Extreme risk that land holdings will be difficult to market.
- 3 -NATIONWIDE RE (EVAL 6/17/7-ST mtg.-Mar FY) Port.: \$44M, 37% non-earn; 24% foreclosed; Adding new loans. Mix: 21% medical, 16% condos, 11% land; 30% Ohio, 17% Indiana; Making new commitments. Financing: 0.8 leverage; Reduced bank lines to \$32.6M; Results: Sep. Q EPS 4c. Div. 4c. Convertibles: High yield. Shares: Speculative long-term recovery
- 2 -NEW PLAN REALTY (EVAL 8/26/7-Property-July FY) Self-admin. Port.: \$19M, 0% non-earning; Mix: 71% shop. ctrs. owned, 14% residential. Bought 110T sf shop. ctr. NY. Financing: 2.4 leverage; Debt 79% mtgs. on prop., 19% sub. deben. Results: July Q EPS 24c. Jan. monthly div. 8c. Shares: Buy/hold for income
- 5N-NJB PRIME INV (EVAL 10/27/7-Mtg/Forcl prop-Nov FY) NON-QUAL TRUST. Self-admin. Port.: \$71M, 71% nonearn; 42% foreclosed; Mix: 43½ motor lodges/restaurants, 27½ condos. Financing: \$6M neg. equity; \$38M bank credit expired 4/77; Exchange proposed: \$20 cash for deb. or \$15 + \$35 in new conv. deb. Also proposed for bank debt. May seek Ch. XI. Results: Aug. Q EPS 34c after 81c loss prov recovery. Bonds & Shares: High risk speculation.
- 2N-NORTH AMER MTG (RTR 8/12/7-Mtg/Forcl prop-Dec FY) Port.: \$143M, 49% non- & 45% low-earn; 62% foreclosures; Mix: 48% apts., 25% condos, 8% land & devel. Financing: 2.2 leverage; \$39M demand bank notes. Results: Sep. Q EPS d35c. Bonds: Hold. 41% of 5½ holders took \$12.1M of 10-year debts. at 8½% for \$1000 of 5½s '79. Shares: Recovery potential from large apt. holdings.
- 2N-NORTHWESTERN FIN (RTR 12/10/3-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Port.: \$44M, 52% nonearn; 46% foreclosed; Mix: 7% apts., 6% office, 7% land, 44% inter-long; 50% N. Caro. Financing: 0.8 leverage; \$17M revolving bank credit at ½ over prime, extended to Aug. 31, '78. Results: Sep. Q EPS d11c. Shares: Recovery and/or liquidation speculation; Broker bought 10.2% of shares, seeks board seat.
- 3 -NORTHWESTERN MUT LF MTG (EVAL 6/17/7-LT mtg.-Mar FY) Port.: \$233M, 10% non- & 7% low-earn; 12% foreclosed; Mix: 24% office, 24% shop. ctrs., 12% apts.; 61% permanent mtgs. Financing: 1.6 leverage; \$77½M open bank lines; \$28M comcl paper. Sold \$50M notes @ 8½% & \$25M @ 8 3/4% due 12/82. Results: Dec. Q EPS 17c. Sep. Div 25c; vulnerable. Converts: Safe. Shares: Buy on dips.
- 2 -PACIFIC SOUTHERN (EVAL pending-LT mtg.-Mar FY) Self-admin. Port.: \$11M, 31% nonearn & foreclosed; Mix: 64% comcl. loans, 31% foreclosed land & condo; 5% leasebacks. Bought commercial prop. Financing: No debt. Results: Sep. Q EPS 16c. Div. Nov. 15c. Legal expenses to cause dividend fluctuation over '78-'79 FY. Shares: LT recovery or buyout candidate plus spec. yield; Insider bought 5½% of shares.
- 2 -PENNSYLVANIA REIT (EVAL 8/26/7-Property-Aug FY) Port.: \$72M, 0.3% nonearning; Mix: 38% apartments, 36% shopping centers. Financing: 3.1 leverage, 90% mtgs. on property owned; borrows under \$6½M bank lines. Results: Aug. Q EPS 37c before 35c accounting adjustment; CFS 52c before accounting adjustment. Semi-annual div 62½c. Seeking new investments. Shares: Buy/hold long-term for yield & gains
- 5N-PLAZA REALTY (EVAL 10/27/7-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Self-admin. Port.: \$32M, 71% nonearn; 70% foreclosed; Mix: 45% apts., 16% land, 17% shop. ctrs; 50% equity. Financing: 13.9 leverage, incl. \$16M mtgs.; \$9M credit, to 9/78 at 1% cash, accrued at 125% prime, may drop to 50% if \$3M paid down by 9/78. Unable to make 9/77 debt repay. Results: Sep. Q EPS d23c. No auditor's opinion '76. Shares: Avoid or trade only
- 3 -PNB MTG & RLTY (EVAL pending-LT mtg.-Sep FY) Port.: \$123M, 12% non & low earning; 11% foreclosed; Mix: 38% LT mtgs., 29% property owned; 34% apts., 24% office & indust., 18% condos. Financing: 1.8 leverage; \$9M bank debt; \$26M comcl paper. Results: Sep. Q EPS 29c after 4c loss prov. Sep. FY EPS 77c. Div. 20c. Adding new earning assets. Shares: Long-term recovery, possible further div uptick, small interest exposure.
- 3 -PROPERTY CAPITAL (EVAL 6/17/7-Subor. land-July FY) Port.: \$56M, 4% non-earn; Mix: 41% apts., 27% office, 20% shop. ctrs.; 62% leasebacks, 38% LT mtgs. Making new investments. Financing: 1.0 leverage; \$22M bank lines; \$13M borrowed at ½ over prime. Results: Oct. Q EPS 30c. Div. 30c. Shares: Buy-hold for yield & long term recovery; Some interest exposure.
- 2 -PROPERTY TRUST OF AMER (EVAL 10/27/7-Prop&Mtg.-Dec FY) Self-admin. Port.: \$34M, 30% non-earn; 23% mtgs., 22% foreclosed, 62% investment prop; Mix: 35% apts., 27% office, 17% shop. ctrs.; 81% Texas. Financing: 0.9 leverage, all \$17M mtgs. on property. Results: Sep. Q EPS 2c. Sold Houston land. CFS 5c; Dec. div. 6c. Shares: Hold for recovery; Federated Dev. bought 5% of shares.
- 3 -RLTY & MTG OF PACIFIC (RAMPAC) (RTR 10/14/7-LT mtg.-Nov. FY) Port.: \$82M, 6% non- & 15% low-earn; 17% foreclosed; Mix: 68% loans: 23% hotel/motel, 13% office, 16% apts.; 31% equity; 47% Calif., 13% Hawaii. Financing: 1.4 leverage; \$40M credit to 11/82; \$20M comm. paper backing and \$20M line @ 115% of prime to 9% maximum. Results: Nov. Q EPS 29c; Div. 30c. Converts & shares: Hold, vulnerable to interest rates.
- 3 -REIT OF AMERICA (EVAL 6/17/7-Property-Nov FY) Port.: \$46M, Properties 9% vacant overall; Mix: 42% shop. ctrs., 24% office, 19% industrial; 46% Calif., 13% Mass.; Expanding \$11M Sacramento center, substantially leased. Financing: 0.4 leverage, all mtg. debt. Results: Nov. Q EPS 47c incl. 19c capital gain. Jan. div. 30c. Shares: Hold long term improvement of property yield.
- 2 -REALTY INCOME (EVAL 10/27/7-Prop&Mtg.-Apr FY) Self-admin. Port.: \$74M, 25% non- & 17% low-earn; 42% foreclosed; Mix: 19% apts., 31% office. Financing: 3.3 leverage; \$16M under \$23½M bank lines at prime; \$20M term at 1½ over prime to '77-80. Results: Oct. Q EPS 1c after 1c gain. Div. 35c, paying cap. gains. Converts: Yield. Shares: Buy/hold LT. European group bought 20% of shares, U.S. group 10%.
- 3 -REALTY REFUND (EVAL 10/27/7-LT mtg.-Jan FY) Port.: \$56M, no problems; Mix: 81% wraparound mtgs., 19% LT mtgs.; 43% apts., 21½ office, 19% industrial. Financing: 1.3 leverage; \$17M credit at ½ over prime to 5/78, \$15M at 1½ over prime to 7/80; Issued 328T new warrants. Results: Oct. Q EPS & div. down 7% to 55c on higher inter. Shares: Hold; EPS sensitive to prime; New wts @ 23 issued.
- 4N-REPUBLIC MTG (RTR 6/10/4-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Port.: \$60M, 63% non- & 17% low-earn; 80% foreclosed. Mix: 28% land acq. & devel., 19% condo, 13% apts.; 62% Florida. Financing: 3.5 leverage; \$30M credit to 6/30/78 at 3% cash or net cash income, plus contingent inter.; Auto. exten. if repayments made. Results: Sep. Q EPS d26c. Shares: Trading, speculative recovery
- 3 -RIVIERE REALTY (EVAL 10/27/7-Prop&Mtg.-Dec FY) Port.: \$24M, 9% low & 2% nonearning; 2% foreclosed; Mix: 36% apts., 24% office, 15% motel; 46% D.C. area, 45% Ind. Financing: 2.6 leverage, 62% mtgs. on property; \$3.5M open line at 1½ over prime. Results: Sep. Q EPS 13c. CFS 21c. Dec. div. 12½c. Shares: Buy/hold more speculative yield
- 2 -SAN FRANCISCO RE (EVAL 6/17/7-Property-Dec FY) Self-admin. Port.: \$55M, 21% nonearn; 13% foreclosed; Mix: 52% office, most bank-occupied; 9% apts. Financing: 0.9 leverage, 95% mtgs. on prop.; Cut bank debt to \$1.2M. Results: Sep. Q EPS 10c; CFS 23c; Div. 20c. Credit restrictions lifted. Seeking new equity investments. Shares: Buy/hold at 27% below book value.
- 3N-SAUL (B.F.) REIT (EVAL 6/17/7-Prop&Mtg.-Sep FY) CAN END REIT. Port.: \$286M, 14% non- & 38% low-earn; 2% held for sale; Mix: 15% mtgs., 85% props.; Owned prop.: 41% shop. ctrs., 38% apartments; Financing: 7.0 leverage; \$125M revolver at 125% of prime to 4/30/79. Results: Sep. Q EPS d30c after 10c gain & 10c loss prov. Bonds & converts: For yield. Shares: Losses narrowing; Speculation on improved property income; Insider bought 10%.



## RELATIVE APPEAL RANKINGS-Continued from page 7

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status &amp; mix; Financing; Latest EPS results, dividends &amp; advice

- 3N-SECURITY MTG (EVAL 10/27/7-Mtg/Forcl prop-Sep FY) CAN END REIT. Port.: \$147M, 37% non-earn; 26% foreclosed; Mix: 39% one-family home improvement second mtgs., 45% comcl. mtgs., 16% mtgs. on medical facil; Financing: 2.6 leverage; \$38M bank credit at 125% of prime extended to 3/30/79; Results: Sep. Q EPS d13c; Sep. FY d2c. Bonds: Attractive for yield, 7% high-yield. Shares: Trading/recovery
- 3N-STATE MUTUAL (EVAL 6/17/7-Mtg/Forcl prop-Mar. FY) NON-QUAL TRUST. Port.: \$58M, 77% non- & low-earn; Mix: 12% condos, 26% apts.; 19% land. Financing: 1.4 leverage pro-forma; Sponsor bought \$50M assets reducing sr. debt to \$20M at 2% to 7/79. Results: Sep. Q EPS d15c after 21c cap. gain. Sub. debt tender boosted book value to \$7.41/sh. pro-forma, incl. 92c inter. forgiveness. Bonds: Hold. Shares: Interesting spec. on further recovery.
- 1N-SUMMIT PROP (EVAL 8/26/7-Property-Oct FY) NON-QUAL TRUST. Self-adm. Port.: \$48M, 6% non- & low earn; Mix: 46% shop. ctrs. Half assets being sold for wrap-around mtgs. + cash/notes. Financing: 3.4 leverage; to restructure after deal and repay most debt. Results: July Q EPS d3c after 5c cap. gain; CFS 10c + 5c gain. Deferred \$10M gain, FY'78 profitable. Shares: Spec. buy for unrecognized benefits from pending deal. 1 point spread OTC
- 2 -SUTRO MTG INV (EVAL 10/27/7-ST mtg.-Mar FY) Port.: \$62M, 20% non- & 21% low-earn; 34% foreclosed; Mix: 23% apts., 29% hotel/motel, 17% indust.; Financing: 0.6 leverage; New \$38M credit at .375 over prime to 12/31/78 + 10% + 10%; Results: Sep. Q EPS 32c after 12c recovery & 12c gain New commitments. Div. 20c. Converts: Safe yield. Shares: Buy L/T recovery at 38% below book value.
- 2N-TMC MTG INV (RTR 12/22/7-Mtg/Forcl prop-Mar FY) PLANS END REIT. Port.: \$9M, 100% non-earning; 27% foreclosed; Mix: All condos & houses, 97% Puerto Rico. Financing: \$1M Neg. equity; Assets pledged; Swapped many assets and cut bank debt to \$4.7M; Results: Sep. Q EPS d2c. Shares: Considerable long-term speculation potential in proposed purchase of carpet co. with borrowed funds, high risk.
- 4N-TEXAS FIRST MTG (RTR 11/12/3-Mtg/Forcl prop-June FY) NON-QUAL TRUST. Self-adm. Port.: \$23M, 74% nonearn; 50% foreclosed; Mix: 37% land, 9% office, 11% sing. fam. land; Financing: 1.2 leverage; \$10M bank credit at prime to 3/78, max. 8%, 3% paid in cash; assets pledged; Results: Sep. Q EPS d6c after 4c gain. Discussing merger. Shares: Speculation on Texas land recovery or favorable merger.
- 4N-TIERCO (No review-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Self-adm. Port.: \$46M, 75% non- & low-earn; 41% foreclosed; Mix: 46% apts., 14% undevel. land; heavy Okla.; Financing: 6.0 leverage; \$24M credit at 5% minimum inter. or net cash income plus deferrals, to 6/78; asset swaps. \$2.8M repayment late 12/31/77. Results: Sep. Q EPS 98c after \$1.07 gain. Shares: Speculative recovery on Texas land.
- 4N-TRI-SOUTH MTG (RTR 10/14/4-Mtg/Forcl prop-Dec FY) NON-QUAL TRUST. Port.: \$130M, 85% nonearning; 63% foreclosed; Mix: 29% land; 26% GA, 18% Tex., 22% Fla.; Financing: 14.8 leverage; \$54M bank debt at 4% cash inter. or net cash income; Seeking new bank agreement tied to exch. offer. Results: Sep. Q EPS d65c. Bonds: In default; Plan exch. of new convt. @ 65% of par for 7 3/4s & 50% of par for 7s. Shares: Speculation on debt tender success.
- 2N-UMET TRUST (EVAL 10/27/7-Mtg/Forcl prop-Nov FY) NON-QUAL TRUST. Self-adm. Port.: \$145M, 25% nonearn; 51% foreclosed; Mix: 21% condos, 22% apts., 18% shop. ctrs., 19% office; Swapped \$4M. Financing: High leverage; \$89M credit to 8/79 at 6% + contingent int.; Results: Aug. Q EPS d37c after 13c gain. Shares: Speculative, some prop. recovering & being sold; \$2-\$4/sh. interest forgiveness possible
- 2 -UNITED REALTY (EVAL 6/17/7-LT mtg.-Nov FY) Port.: \$77M, 39% non- & 4% low-earn; 31% foreclosed; Mix: 21% GNMA's (pledged), 25% office, 18% apts.; Financing: 0.1 leverage; Pledged GNMA's to repay banks \$7M; Results: Nov. Q EPS 20c; Nov. div. 20c. Made 2 new loans. Placed one large loan on nonaccrual. Shares: Buy for benefits from gradual problem loan solution
- 2N-US BANCORP TRUST (EVAL 10/27/7-Prop&Mtg.-May FY) Port.: \$66M, 19% nonearn & 13% low; 20% foreclosed; Mix: 54% prop. owned or under construction, most indust., rest office; Financing: 2.8 leverage; \$25M credit to 2/18/79 at 120% prime; Results: Nov. Q EPS d10c after 3c loss prov. & 3c cap. loss; CFS 8c after 3c loss. Converts: Low but safe yield. Shares: LT recovery, good equity base, positive cash flow, selling biggest problem.
- 2N-US REALTY INV (RTR 12/9/7-Prop&Mtg.-Dec FY) NON-QUAL TRUST. Port.: \$96M, 17% nonearn & 16% low; Mix: 42% mtgs., 58% owned property, Financing: 5.7 leverage; \$32M at 125% of prime payable at 5 3/4% or cash flow; Results: Sep. Q EPS 8c after 12c gain; CFS 21c after 12c gain. Converts: OK for risk income. Shares: Long-term recovery
- 2 -VIRGINIA RE (EVAL 10/27/7-Prop&Mtg.-Dec FY) Self-adm. Port.: \$38M, 17% foreclosed & nonearning; Mix: 92% property, 8% mtgs.; Financing: 2.0 leverage, 75% mtgs. on property; \$7M bank term loan at 3% over prime extended to Mar. 31, '81; assets pledged. Results: Sep. Q EPS 11c; CFS 16c; Dec. div. 10c. Shares: Long term recovery plus improved property results.
- 3N-WACHOVIA REALTY (RTR 8/12/7-Mtg/Forcl prop-Aug FY) Port.: \$114M, 45% nonearn & 25% low; 42% foreclosed; Mix: 12% apts., 19% land & devel., 20% comcl., 11% hotel/motel; Financing: 1.8 leverage; \$62M revolving credit to 7/79 at prime + contingent interest at 125% of prime. Results: Nov. Q EPS d18c. Shares: Long term recovery, asset disposition.
- 3N-WALTER REALTY (EVAL 10/27/7-Prop&Mtg.-July FY) NON-QUAL TRUST. Port.: \$37M, 68% nonearn; 45% foreclosed; 62% property. Mix: 22% indust., 16% offices; 12% land; 47% Fla. Sold 5 prop. for \$9M. Financing: 2.7 leverage; \$11M credit to 10/78 @ 117% prime; Results: Oct. Q EPS d33c after 4c loss. Shares: Long recovery and benefits of property sales.
- 2 -WASHINGTON REIT (EVAL 8/26/7-Property-Dec FY) Port.: \$32M, no nonearning; Mix: All property, 98% in Washington, D.C. area; 57% high-rise apts., 20% shop. ctrs., 23% distrib.-office. Bought \$1.5M shop. ctr. in Sept. Financing: 0.8 leverage, 88% mtg. debt; 11% bank debt. Results: Sep. Q EPS 38c; CFS 44c; Dec. div 45c. Shares: Hold for income, top quality assets
- 3 -WELLS FARGO M&E (EVAL 8/26/7-Prop&Mtg.-June FY) Port.: \$197M, 8% non- & 23% low-earn; 15% foreclosed; Mix: 39% apts., 16% development, 7% condos. Financing: 1.9 leverage; Borrows under \$168M open lines backing \$108M commercial paper. New commitments. Results: Sep. Q EPS 31c after 8c gain; declared 30c div. for Feb. & May. Shares: Hold for recovery; small interest risk.
- 2N-WESTERN MTG (RTR 12/9/7-ST mtg.-Feb FY) Port.: \$18M, 25% non- & 11% low-earn; 21% foreclosed; Mix: 24% land acq. & devel., 15% apts. Sold \$4M office. Making new commitments. Financing: 1.3 leverage; \$7M revolver at 1/2% over prime, plus \$2 1/2M from banks payable over 2 1/2 years. Results: Nov. Q EPS 10c after 6c gain. Shares: Spec. buy for recovery and dividend resumption.
- 2N-WESTPORT CO. (was HNC) (RTR 10/14/7-Mtg/Forcl prop-Oct FY) NON-QUAL TRUST. Self-adm. Port.: \$98M, 68% nonearn; 46% fore. Mix: 20% condos, 18% land, 11% apts., 13c offices, 11% hotels; Financing: 6.0 leverage, \$60M bank term loan to 8/79 at 2 1/2-5% or net income with contingent inter. to 8%. Swapping assets to pay banks. Results: Oct. Q EPS 10c after 22c gain on severance from sponsor. New group bought 31% control. Converts: Possible tender. Shares: Speculation.
- 2N-WISCONSIN REIT (EVAL 8/26/7-Prop&Mtg-Dec FY) NON-QUAL TRUST. Self-adm. Port.: \$33M, 10% nonearning; Mix: 78% property, 10% foreclosed, 12% mtgs. Financing: 2.8 leverage, \$20M mtg. debt; \$3M short term. Results: Sep. Q EPS 9c after 12c capital gain net of 5c tax benefits; CFS d3c. Buying Fla. home builder to develop land; Nego. for Riverside Prop. with \$6M assets. Shares: Spec. on improving trend; Group bought 8.4% of shares

REIT STATUS is shown to indicate whether an entity intends paying 90% of taxable earnings as dividends and thus remain qualified for conduit income tax treatment. Three stages in status are shown: VOTING POWER to END REIT STATUS, when a proposal is pending before shareholders to give trustees discretion over whether to continue to qualify; CAN END REIT STATUS, when shareholders have given trustees power to end qualification; and NON-QUAL TRUST, when trustees have ended qualification and the entity operates as a business trust taxed as a corporation. Trustees of these entities generally have made no decision on whether to requalify and investors should not assume they will requalify and pay dividends even if profits are restored. The 1976 Tax Reform Act imposed some restrictions to requalification.